

**TRANSPORTATION INFRASTRUCTURE FINANCING ALTERNATIVES
MEETING NOTES
NOVEMBER 12, 2002**

Attendees

Sen. Mary Margaret Haugen, Co-Chair
Sen. Jim Horn
Sen. Karen Keiser
Sen. Dan Swecker

Rep. Fred Jarrett, Co-Chair
Rep. Mike Cooper
Rep. Doug Ericksen
Rep. Brian Hatfield

I. Introductory Remarks

Rep. Jarrett opened the meeting by expressing his wish that the TIFA Committee should be completing the first goal of education in the work plan and getting ready to move on to the second goal of developing an action plan.

II. Field Trip, Meeting and Conference Reports

California Meetings

Senator Horn, Keiser, and Swecker reported on their recent trip to California and meetings with officials of the SR 125 Project and I-15 Value Pricing Project in San Diego, and the SR 91 and San Joaquin Hills/Foothills/Eastern Transportation Corridor Agencies in Orange County.

The toll roads in California are project-driven, generally short and un-connected and were the result of several years of no statewide highway planning system. It still took 13 years of permitting by private companies in San Diego to get to the present state of beginning construction. One impression that the visitors had was the strong communication programs with the users of the toll facilities.

TRB Conference Chicago

Mike Groesch of the Senate Transportation Committee gave a report on the TRB Conference and reported that some officials believe that the TEA-21 Reauthorization will probably have some incremental changes to statute pertaining to current innovative federal finance programs, rather than formula changes. Another prediction for federal emphasis is for HOT lanes on interstates and other highways and possibly expansion of the Value Pricing Projects. Politically, one congressional staffer observed, was enthusiasm for flat tolls on the interstate system. Another observation from one of the federal officials was that the HOV program is not meeting air quality goals, despite the increase in lane miles nationally. There appears to be some concern that some in Congress feel that the air quality goals are not being met through HOV lanes. It is unlikely that would be an increase in the federal gas tax. There were also many sessions of the application of GARVEE, SIB "case studies", as well as a number of presentations on the "financial markets" for public innovative finance schemes.

B.C. Officials Meeting

Rep. Ericksen gave a report on the meeting with members of the B.C. Government that were invited to describe the proposed public-private partnership legislation now before the Provincial Parliament.

- BC Governance is greatly influenced by the Parliamentary system and the current leadership party. (There are only four members in the minority party in Parliament)
- Contracting out of maintenance has reduced Ministry of Transportation employment from 8,000 to 1,400 over last 10 years
- The proposed Transportation Investment Act includes provisions that give exclusive government control on all public private project financings, without obligations.
- Unsolicited proposals are accepted and then the Ministry will put the proposal out to bid so that other companies can bid against each other in the approval of the project.
- Company that builds the roads also maintains them, with warranties to ensure facility is turned over after retirement of debt in good condition.
- There is no liability or backing of the debt by the government

III. Matrix of Alternative Financing Ideas

Members were given a matrix of alternative financing ideas grouped into Institutional Arrangements, Lending Programs, and Revenue Generating Ideas and cast their votes with the following results:

Political Feasibility

1. HOT Lanes
2. State Transportation Finance Authority
3. Strategies/Experiments to test pricing acceptance and elasticity (e.g. Value Pass)

Administrative Feasibility

1. Sales Tax Exemption for Road and Highway Construction Projects
2. 63-20 Corporations
3. Gas Tax Earmark (Super Cat. C Type)

Public Acceptance

1. Sales Tax Exemptions for Road and Highway Construction Projects
2. SIB
3. HOT Lanes

IV. Next Steps

Next meeting will be held on December 16th at the SeaTac Wyndham Gardens Hotel. Agenda will be developed with the co-chairs.